



**FACTORS THAT INFLUENCED COMPONENT LOCALIZATION:
A STUDY IN HONDA MALAYSIA SDN BHD (HMSB)**

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**BACHELOR IN BUSINESS ADMINISTRATION
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MELAKA**

MAY 2011

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HAMIDAH BINTI ROSLI

**Submitted in Partial Fulfillment
of the Requirement for the
Bachelor of Business Administration
(Hons) International Business**

**FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
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2011



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“DECLARATION OF ORIGINAL WORK”

I, HAMIDAH BINTI ROSLI, (I/C Number: 881008045098)

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees
- This project paper is the result of my independent work and investigation, except where otherwise stated
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____

Date: _____

LETTER OF SUBMISSION

09 May 2011

The Head of Program
Bachelor of Business Administration (Hons) International Business
Faculty of Business Management
Universiti Teknologi MARA
110 Off Jalan Hang Tuah
75300 Melaka.

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “FACTORS THAT INFLUENCED COMPONENT LOCALIZATION: A STUDY IN HONDA MALAYSIA SDN BHD (HMSB)” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you

Yours sincerely

HAMIDAH BINTI ROSLI

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Bachelor of Business Administration (Hons) International Business

ABSTRACT

The multinational corporation (MNCs) are faced with the choice of localising supplies when they establish manufacturing subsidiaries overseas. These organizational approaches for localization within large companies are many and varied. Localization activity presents significant opportunities to the firm's for improving profits margins and reducing cost. Thus, the localization of component sourcing is a key concern to manufacturing subsidiaries in achieving successful performance.

This research investigates various factors that influenced component localization to make better decisions in the organization. Three factor influenced component localization were identified. These factors include the aspect of quality, cost and delivery which are significantly influenced toward the localization of component sourcing.

Data were collected from Procurement Division associate in Honda Malaysia Sdn Bhd (HMSB). Information provided by this study expands our understanding of sourcing activities in HMSB. The result indicate that the most factor that contribute component localization is cost factor. This study also helps the company to get the clear picture of their supply chain management activities. Thus, the company can improve their competitiveness to increasing their productivity and profitability.